

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6206**

**BILL NUMBER:** HB 1755

**DATE PREPARED:** Jan 9, 2001

**BILL AMENDED:**

**SUBJECT:** Four year professional licenses.

**FISCAL ANALYST:** Chris Baker

**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill changes the period of certain professional licenses to four years. The bill also makes conforming changes in statutory license fees and statutory continuing education requirements.

**Effective Date:** Upon passage; July 1, 2001.

**Explanation of State Expenditures:** The Professional Licensing Agency (PLA) and Health Professions Bureau (HPB) will experience a shift in administrative costs of processing renewal notices from the extension of professional licenses to a four year renewal basis. The Professional Licensing Agency currently regulates 265,629 licenses. The Health Professions Bureau currently regulates 197,090 active licenses. Expenses required to carry out this proposal are as follows.

The Health Professions Bureau will require re-programming of software on their computer system to change from the biennial system currently in existence to a four-year system. The Professional Licensing Agency has indicated that additional expenditures to update their computer system would not be required.

The Professional Licensing Agency reports that approximately \$28,400 would be saved in printing and postage expenses as a result of this proposal.

The Health Professions Bureau has indicated that additional staffing would be required. The Professional Licensing Agency also has indicated that additional staffing may be required. The estimated expenditures for a (COMOT 3) clerical assistant would be \$29,748 in FY 2002 and \$29,067 in FY 2003 (includes salary, fringe benefits, and indirect costs). If an additional clerical assistant (COMOT 3) were hired by the HPB and the PLA, to assist with the conversion process from biennial to four year renewals, the total expenditures would be \$59,496 in FY 2002, and \$58,134 in FY 2003.

The funds and resources required above could be supplied through a variety of sources, including the

following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:** The bill will extend the validity of several professional licenses to four years. The legislation will effectively double the fee required for the original acquisition or renewal of these licenses. There will be a shift in the timing that fees are collected. The shift will allow the General Fund to receive additional fee collections for some licenses in the first year of implementation. The increase will allow a greater amount of interest to be earned initially. Potential revenue impacts are described as follows:

#### **Health Professions Bureau:**

Health Professions Bureau license renewals are estimated to generate approximately \$4,755,357 over a two year cycle. However, due to the staggered effect of license renewal currently, it cannot be assumed that doubling of the two year estimate would equate the amount of revenue generated by renewals over a four year period. Currently, all licenses issued by the Health Professions Bureau, except podiatry licenses are valid for a two year license period. Members of individual professions renew at the same time. Renewal periods for each profession are staggered throughout each two year period budget cycle to permit efficient operations. Podiatry licenses are already issued on a four year cycle.

*Optometry licenses:* Although this proposal includes the doubling of optometry license fees and extending the renewal period to four years, the proposal does not address a fee paid in conjunction with the optometry license fee, which is deposited into the Indiana University Optometry Education Fund and is used to fund Indiana University for the advancement of optometry research and for maintenance and support of the Indiana University School of Optometry. The Indiana University Optometry fee is \$34 which is paid in addition to the license fee. Optometry renewal fees are paid on every even numbered year. This fee generates approximately \$43,962 every two years to Indiana University. Under the proposal, the revenue for the Indiana University Optometry Program would be reduced by half since it is only paid with the renewal fee.

*Pharmacy licenses:* A special fee of \$10 is assessed with each two-year renewal and placed in the Impaired Pharmacist Account (IPA) of the General Fund. The proposal maintains the amount at ten dollars, which would reduce revenue received by the IPA by half in a four year renewal period. The IPA generates approximately \$81,280 every two years.

#### **Professional Licensing Agency:**

Licenses administered by the Professional Licensing Agency (PLA) generated \$2,932,005 in total revenue in FY 1999. The amount includes initial issue as well as renewals of licenses. All revenues generated are deposited into the General Fund, and in the case of the licensing of funeral professionals, the Funeral Service Education Fund. Currently, all gifts and amounts not exceeding \$5 of every funeral professional license fee are deposited in the Funeral Service Education Fund. If the fund balance exceeds \$40,000 at the end of a fiscal year, the exceeding amount is transferred to the General Fund.

*Barber Schools:* Currently, there are nineteen (19) barber schools licensed in the State of Indiana at a cost of three hundred dollars (\$300) per license. The revenue PLA receives from those licenses is \$5,700. Under the proposal, the barber board would increase their initial and renewal fee for a barber school license from

three hundred dollars (\$300) to six hundred dollars (\$600). PLA would increase revenue to \$11,400 with no additional cost to the Agency.

*Private Detectives:* Currently, there are 1,300 private detectives licensed in the State of Indiana at a cost of one hundred fifty dollars (\$150) per license, which yields \$195,000 in revenue to PLA. Under the proposed bill, the PLA will collect a fee of three hundred dollars (\$300) for issuance or renewal of a private detective license. The PLA would increase its revenue to \$390,000 with no additional cost to the Agency.

*Tanning Salons:* There are currently 3,691 licensed tanning salons in the State of Indiana at a cost of two hundred dollars (\$200) per license, which yields \$738,200 in revenue to the PLA. Under the bill, to obtain a license to operate a tanning facility, a person must pay a fee of four hundred dollars (\$400). The PLA would increase its revenue to \$1,476,000 with no additional cost to the Agency.

*Auctioneer and Real Estate:* The following designated professions will not only double their initial and renewal fees but also will issue or renew permits, licenses, or certificate of registration for a four (4) year period:

- (1) Auctioneers. [fee IC 25-6.1-3-5(b); license IC 25-6.1-3-2(i)]
- (2) Auction houses. [fee IC 25-6.1-3-5(b); license IC 25-6.1-3-3(h)]
- (3) Auction companies. [fee IC 25-6.1-3-5(b)]
- (4) Real estate brokers. [fee IC 25-34.1-3-4.1(a)(6); license IC ]
- (5) Real estate salespersons. [fee IC 25-34.1-3-3.1(a)((5)(A); license IC 25-34.1-3-3.1(f)]
- (6) Real estate corporations. [fee IC 25-34.1-4.1(c)(3); license IC 25-34.1-3-4.1(h)]
- (7) Real estate partnerships. [fee IC 25-34.1-3-4.1(b)(4) ; license IC 25-34.1-3-4.1(h)]
- (8) Real estate limited liability corporations. [fee IC 25-34.1-3-4.1(d)(4) ; license IC 25-34.1-3-4.1(h)]

The doubling of initial and renewal fees as well as the change in the time frame in which applicants will be licensed will result in a shift of revenue for the PLA; however, there will be no increase or decrease in revenue during that four (4) year period. Newly licensed applicants in the above-mentioned professions will be given an expiration date of four (4) years from the year in which they were licensed. Those currently licensed who expire on an even-numbered or odd-numbered year will no longer expire at the same time. This change will cause a decrease in revenue for the PLA in either the even-numbered or odd-numbered year those licensees were scheduled to renew. However, the proposed changes in the above-mentioned professions are not expected to result in a fiscal impact because the revenue will even out over the four (4) year period.

*Architects and landscape architects:* The bill will double the initial and renewal fees and will issue or renew their permits, license, or certificate of registration for a four (4) year period; however, their license will continue to expire in even-numbered years. The proposed changes are not expected to result in a fiscal impact. The PLA will initially have a decrease in revenue during the current two (2) renewal cycle; however, it will recover the revenue at the end of the four (4) year renewal cycle. In addition, there will be a decrease in the cost of printing and postage of licenses during the two (2) year renewal cycle; however, the savings will be spent for the renewals that occur at the end of the four (4) year renewal cycle.

*Land Surveyors and Professional Engineers:* The PLA will issue or renew their permits, licenses, or certificate of registration for land surveyors and professional engineers for a four (4) year period but will not increase their initial or renewal fees. Currently, there are 31,700 professional engineers licensed in the State of Indiana at a cost of twenty dollars (\$20) per license, which yields \$634,000 in revenue to PLA over a two (2) year cycle. Currently, there are 1,215 licensed land surveyors in the State of Indiana at a cost of seventy

dollars (\$70) per license, which yields \$85,050 in revenue to the PLA over the two (2) cycle. The proposed changes will cause a decrease in the revenue the PLA would normally receive every two (2) years.

*Accountants:* The PLA will issue or renew permits, licenses, or certificate of registration for accountants for a four (4) year period but will not increase their initial or renewal fees. There are currently 18,370 licensed accountants in the State of Indiana at a cost of forty-five dollars (\$45) per license, which yields \$826,650 in revenue to the PLA. There will be a decrease in revenue to the PLA since the same fee will be charged for the four (4) year cycle as was charged in the three (3) year cycle.

*Real Estate Appraisers:* The PLA will issue or renew permits, licenses, or certificates of registration for appraisers for a four (4) year period but will not increase their initial or renewal fees. There are currently 3,441 licensed appraisers in the State of Indiana at a cost of fifty dollars (\$50) per license, which yields \$172,050 in revenue to the PLA. There will be a decrease in revenue to the PLA since the same fee will be charged for the four (4) year cycle as was charged in the two (2) year cycle.

The estimated increase of revenue to the PLA for the designated professions per four (4) year cycle is \$938,900. The estimated decrease to the PLA for the designated professions per four (4) year cycle is \$1,717,750.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Professional Licensing Agency, Health Professions Bureau, Professional and Health Boards and Commissions; Office of the Secretary of State.

**Local Agencies Affected:**

**Information Sources:** Angela Murphy, Professional Licensing Agency, (317) 232-2510; Barbara McNutt, Health Professions Bureau, (317)233-4406.